



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0287041

THE APPLICATION OF OCCIDENTAL PERMIAN LTD. TO CONSTRUCT AND OPERATE A SOUR GAS PIPELINE, LEVELLAND LOOP LINE, LEVELLAND FIELD, HOCKLEY COUNTY, TEXAS

APPLICATION REVIEWED BY: Karl Caldwell – Technical Examiner

DATE APPLICATION FILED: January 31, 2014

DATE REVIEWED: April 28, 2014

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Occidental Permian Ltd. ("Oxy") for Commission authority to construct and operate a hydrogen sulfide (H₂S) gas pipeline in Hockley County, pursuant to Statewide Rules 36, 70 and 106. This application is for the construction of 11.1 miles (59,000 feet) of pipeline ("Levelland Loop Line"). This low pressure gathering system will gather sour gas from the Southeast Levelland Unit for transport to the Mallet CO₂ Recover Plant. Notice of the application was filed with the Hockley County Clerk in Levelland on January 31, 2014 and published in the *Levelland Hockley County News-Press*, a semi-weekly newspaper of general circulation in Hockley and Cochran Counties, on February 2, 2014, page 14. The Commission's Field Operations section has reviewed the application and has determined that the application complies with the applicable provisions of Statewide Rule 36. In addition, the Commission's Safety Division has also reviewed the application and recommend approval. The examiner has also reviewed the application and recommends approval.

DISCUSSION OF THE EVIDENCE

The Levelland Loop Line will be located in southwest Hockley County in the Levelland Field, west of the town of Sundown, Texas. The pipeline will consist of 11.1 miles (59,000 feet) of 24" and 30" low pressure pipeline. This gathering system will collect sour gas from the Southeast Levelland Unit for transport to the Mallet CO₂ Recover Plant.

The maximum operating pressure of the pipeline is 275 psi, while the normal operating pressure is expected to be 100 psi, with a maximum volume of 55,000 MCF gas per day and a maximum H₂S concentration of 6,500 ppm. The 100 ppm radius of exposure (ROE) is 3,953 feet and the 500 ppm ROE is 1,806 feet. The pipeline will be constructed in a rural area of Hockley County. However, there are twenty-seven (27) public areas including twenty-five (25) residences and fifteen (15) public roads within the 100 and 500 ppm ROE's. This has been verified by an on-site inspection performed on February 26, 2014. A list of affected structures is included in the application (See attached ROE area map).

Pressure will be monitored at multiple points, as the pipeline will be equipped with five (5) electronic high and low pressure emergency shutdown valves located along the pipeline and at the Mallet tie-in point. The line will be continuously monitored for any pressure fluctuations via the Mallet Control Room. The contingency plan submitted by Oxy is compliant with Statewide Rule 36.

The Levelland Loop Line will meet API specifications 5L-X42. The line will be constructed of externally coated and internally poly-lined steel welded pipe, buried to a depth of four (4) feet. The pipeline will have an additional Power Crete coating at the three (3) paved road crossings, FM 1585, FM 303, and Horseshoe Road. The line will be equipped with cathodic protection and will be properly marked with H₂S and operator identification signs along the right-of-way and road crossings. Oxy will utilize proper NACE and API recommended materials for sour gas service as well as maintain a chemical treating program to help prevent corrosion of the pipe.

FINDINGS OF FACT

1. On January 31, 2014, Occidental Permian Ltd. filed an application for a permit to construct a hydrogen sulfide gas pipeline in Hockley County.
2. Notice of the application was filed with the Hockley County Clerk in Levelland on January 31, 2014 and published in the *Levelland Hockley County News-Press*, a semi-weekly newspaper of general circulation in Hockley and Cochran Counties on February 2, 2014, page 14.
3. The Levelland Loop Line will collect sour gas from the Southeast Levelland Unit for transport to the Mallet CO₂ Recover Plant.
 - a. will consist of 11.1 miles (59,000 feet) of 24" and 30" low pressure pipeline.
 - b. The pipeline will carry a maximum volume of 55,000 MCF gas per

day.

- c. The maximum H₂S concentration will be 6,500 parts per million (ppm).
- d. The maximum operating pressure will be 275 psig.
- 4. The 100 ppm radius of exposure is 3,953 feet.
- 5. The 500 ppm radius of exposure is 1,806 feet.
- 6. The pipeline will be constructed in a rural area.
- 7. There are twenty-seven (27) public areas, including twenty-five (25) residences and fifteen (15) public roads within the 100 and 500 ppm radius of exposure.
- 8. Pipeline materials and construction meet the NACE and API standards, as required by Statewide Rule 36 for hydrogen sulfide service.
- 9. The submitted contingency plan for the pipeline is in accordance and complies with the provisions of Statewide Rule 36(c)(9).
- 10. The pipeline will be constructed subject to Commission inspections for compliance with the appropriate Commission Rules pursuant to Statewide Rule 36.
- 11. The Commission's Field Operations Section and Pipeline Safety Division have reviewed the application and recommend approval.

CONCLUSIONS OF LAW

- 1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
- 2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
- 3. The application complies with Statewide Rules 36, 70 and 106.
- 4. Approving the application for a permit to construct and operate the proposed gas pipeline is consistent with the rules and safety standards adopted by the Commission.

EXAMINER'S RECOMMENDATION

The examiner recommends that the Commission approve the application for authority pursuant to Statewide Rules 36, 70 and 106, to construct and operate the Levelland Loop Line hydrogen sulfide gas pipeline in Hockley County, as requested by Occidental Permian Ltd.

Respectfully submitted,



Karl Caldwell
Technical Examiner

